

AMENDED IN ASSEMBLY APRIL 3, 2013
AMENDED IN ASSEMBLY MARCH 19, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 200

Introduced by Assembly Member Hagman

January 29, 2013

An act to amend Sections 42605 and 42606 of the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 200, as amended, Hagman. Education finance: categorical programs.

(1) Existing law establishes various categorical education programs, and appropriates the funding for those programs in the annual Budget Act. Existing law requires the Superintendent of Public Instruction, for the 2008–09 to 2014–15 fiscal years, inclusive, to apportion from the amounts provided in the annual Budget Act for specified categorical education programs an amount based on the relative proportion that the local educational agency received in the 2008–09 fiscal year for those programs and authorizes local educational agencies, for those fiscal years, to use these funds, with specified exceptions, for any educational purpose, to the extent permitted by federal law. Existing law requires a school district that receives funding on behalf of a charter school pursuant to certain provisions, for the 2008–09 to 2014–15 fiscal years, inclusive, to continue to distribute the funds to those charter schools based on the same relative proportion that the school district distributed in the 2007–08 fiscal year, as adjusted by the school district to reflect changes in charter school attendance in the school district. Existing law

requires a local educational agency to report expenditures of these funds to the State Department of Education. Existing law also requires the Superintendent, for the 2010–11 to 2014–15 fiscal years, inclusive, to allocate a supplemental categorical block grant to a charter school that began operation on or after the 2008–09 fiscal year, as specified.

This bill would delete the 2014–15 fiscal year termination dates and would require, commencing with the 2014–15 fiscal year, the apportionments from the categorical education programs, as described above, to be apportioned to recipients by multiplying the recipient's per-pupil rate, calculated as specified, by the recipient's current fiscal year average daily attendance. The bill would also require the department to adopt uniform definitions for reporting the expenditure of the funds and would require a local educational agency, as a condition of receiving the funds, to (A) report the expenditure of those funds *at each schoolsite* to the department, and (B) post information on the expenditure of the funds *at each schoolsite* on the Internet Web site of the local educational agency. By requiring school districts to continue to distribute funds to charter schools, as discussed above, beyond the 2014–15 fiscal year, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 42605 of the Education Code is amended
- 2 to read:
- 3 42605. (a) (1) Unless otherwise prohibited under federal law
- 4 or otherwise specified in subdivision (e), commencing with the
- 5 2008–09 fiscal year, recipients of funds from the items listed in
- 6 paragraph (2) may use funding received, pursuant to subdivision
- 7 (b), from any of these items listed in paragraph (2) that are

contained in Section 2.00 of the annual Budget Act, for any educational purpose.

(2) Items 6110-104-0001, 6110-105-0001, 6110-108-0001, 6110-122-0001, 6110-124-0001, 6110-137-0001, 6110-144-0001, 6110-150-0001, 6110-151-0001, 6110-156-0001, 6110-181-0001, 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001, 6110-211-0001, 6110-227-0001, 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001, 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001, 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001, 6110-266-0001, 6110-267-0001, 6110-268-0001, and 6360-101-0001 of Section 2.00.

(b) (1) (A) For the 2009–10 fiscal year to the 2013–14 fiscal year, inclusive, the Superintendent or other administering state agency, as appropriate, shall apportion from the amounts provided in the annual Budget Act for the items enumerated in paragraph (2) of subdivision (a) an amount to recipients based on the same relative proportion that the recipient received in the 2008–09 fiscal year for the programs funded through the items enumerated in paragraph (2) of subdivision (a).

(B) (i) Commencing with the 2014–15 fiscal year, the Superintendent or other administering state agency, as appropriate, shall, for the items enumerated in paragraph (2) of subdivision (a), apportion an amount to a recipient by multiplying the per-pupil rate, as determined in clause (ii), by the ~~recipients~~ *recipient's* current fiscal year average daily attendance.

(ii) For purposes of this subparagraph, the per-pupil rate shall be determined by dividing the amount a recipient received in the 2008–09 fiscal year for the programs funded through the items enumerated in paragraph (2) of subdivision (a) by the recipient's 2008–09 fiscal year average daily attendance.

(2) This section and Section 42 of Chapter 12 of the Third Extraordinary Session of the Statutes of 2009 do not authorize a school district that receives funding on behalf of a charter school pursuant to Sections 47634.1 and 47651 to redirect this funding for another purpose unless otherwise authorized in law or pursuant to an agreement between a charter school and its chartering authority. Notwithstanding paragraph (1), commencing with the 2008–09 fiscal year, a school district that receives funding on

1 behalf of a charter school pursuant to Sections 47634.1 and 47651
2 shall continue to distribute the funds to those charter schools based
3 on the relative proportion that the school district distributed in the
4 2007–08 fiscal year, and shall adjust those amounts to reflect
5 changes in charter school attendance in the school district. The
6 amounts allocated shall be adjusted for any greater or lesser amount
7 appropriated for the items enumerated in paragraph (2) of
8 subdivision (a). For a charter school that began operation in the
9 2008–09 fiscal year, if a school district received funding on behalf
10 of that charter school pursuant to Sections 47634.1 and 47651, the
11 school district shall continue to distribute the funds to that charter
12 school based on the relative proportion that the school district
13 distributed in the 2008–09 fiscal year and shall adjust the amount
14 of those funds to reflect changes in charter school attendance in
15 the school district. The amounts allocated shall be adjusted for any
16 greater or lesser amount appropriated for the items enumerated in
17 paragraph (2) of subdivision (a).

18 (3) Notwithstanding paragraph (1), commencing with the
19 2008–09 fiscal year, the Superintendent shall apportion from the
20 amounts appropriated by Item 6110-211-0001 of Section 2.00 of
21 the annual Budget Act an amount to a charter school in accordance
22 with the per-pupil methodology prescribed in subdivision (c) of
23 Section 47634.1.

24 (4) Notwithstanding paragraph (1), commencing with the
25 2008–09 fiscal year, the Superintendent shall apportion from the
26 amounts provided in the annual Budget Act an amount to a school
27 district, charter school, and county office of education based on
28 the same relative proportion that the local educational agency
29 received in the 2007–08 fiscal year for the programs funded
30 through the following items contained in Section 2.00 of the annual
31 Budget Act: 6110-104-0001, 6110-105-0001, 6110-156-0001,
32 6110-190-0001, Schedule (3) of 6110-193-0001, 6110-198-0001,
33 6110-232-0001, and Schedule (2) of 6110-240-0001.

34 (5) For purposes of paragraph (4), if a direct-funded charter
35 school began operation in the 2008–09 fiscal year, the amount that
36 the charter school was entitled to receive from the items
37 enumerated in paragraph (4) for the 2008–09 fiscal year, as certified
38 by the Superintendent in March 2009, is deemed to have been
39 received in the 2007–08 fiscal year.

1 (c) (1) This section does not obligate the state to refund or repay
2 reductions made pursuant to this section. A decision by a school
3 district to reduce funding pursuant to this section for a
4 state-mandated local program shall constitute a waiver of the
5 subvention of funds that the school district is otherwise entitled to
6 pursuant to Section 6 of Article XIII B of the California
7 Constitution on the amount so reduced.

8 (2) (A) As a condition of receipt of funds, the governing board
9 of the school district or governing board of the county office of
10 education, as appropriate, at a regularly scheduled open public
11 hearing shall take testimony from the public, discuss, approve or
12 disapprove the proposed use of funding, and make explicit for each
13 of the budget items in paragraph (2) of subdivision (a) the purposes
14 for which the funds will be used.

15 (B) The regularly scheduled open public hearing held pursuant
16 to subparagraph (A) shall be held before and independent of a
17 meeting where the governing board of the school district or
18 governing board of the county office of education adopts a budget.
19 If the governing board intends to close a program funded by the
20 items listed in paragraph (2) of subdivision (a), the governing board
21 shall identify, in the notice of the agenda of the public hearing or
22 at another public hearing, the program or programs proposed to
23 be closed.

24 (3) (A) As a condition of receipt of funds, using the
25 Standardized Account Code Structure reporting process, a local
26 educational agency shall report to the department expenditures of
27 funds *at each schoolsite* pursuant to the authority of this section
28 by using the appropriate function codes to indicate the activities
29 for which these funds are expended. The department shall collect
30 and provide this information to the Department of Finance and the
31 appropriate policy and budget committees of the Legislature by
32 April 15, 2010, and annually thereafter on April 15.

33 (B) The department shall adopt uniform definitions for the
34 Standardized Account Code Structure reporting process.

35 (4) As a condition of receipt of funds, a local educational agency
36 shall post information on the expenditures of funds *at each*
37 *schoolsite* pursuant to the authority of this section on its Internet
38 Web site.

39 (d) Commencing with the 2008–09 fiscal year local educational
40 agencies that use the flexibility provision of this section shall be

1 deemed to be in compliance with the program and funding
2 requirements contained in statutory, regulatory, and provisional
3 language, associated with the items enumerated in subdivision (a).

4 (e) Notwithstanding subdivision (d), the following requirements
5 shall continue to apply:

6 (1) For Item 6110-105-0001 of Section 2.00 of the annual
7 Budget Act, the amount authorized for flexibility shall exclude the
8 funding provided to fund remedial educational services pursuant
9 to Provision 4. For Item 6110-156-0001 of Section 2.00 of the
10 annual Budget Act, the amount authorized for flexibility shall
11 exclude the funding provided for instruction of CalWORKs-eligible
12 pupils pursuant to Schedules (2) and (3) and Provisions 2 and 4.

13 (2) (A) Any instructional materials purchased by a local
14 educational agency for kindergarten and grades 1 to 8, inclusive,
15 and for grades 9 to 12, inclusive, shall be aligned with the state
16 standards adopted pursuant to Section 60605 or 60605.8, and shall
17 also meet the reporting and sufficiency requirements contained in
18 Section 60119.

19 (B) For purposes of this section, “sufficiency requirements” are
20 the requirements that each pupil has sufficient textbooks and
21 instructional materials in the four core areas as defined by Section
22 60119 and that all pupils within the local educational agency who
23 are enrolled in the same course shall have identical textbooks and
24 instructional materials, as specified in Section 1240.3.

25 (3) For Item 6110-195-0001 of Section 2.00 of the annual
26 Budget Act, the item shall exclude moneys that are required to
27 fund awards for teachers that have previously met the requirements
28 necessary to obtain these awards, until the award is paid in full.

29 (4) For Item 6110-266-0001 of Section 2.00 of the annual
30 Budget Act, a county office of education shall conduct at least one
31 site visit to each of the required schoolsites pursuant to Section
32 1240 and shall fulfill all of the duties set forth in Sections 1240
33 and 44258.9.

34 (5) For Item 6110-198-0001 of Section 2.00 of the annual
35 Budget Act, a school district or county office of education that
36 operates the child care component of the Cal-SAFE program shall
37 comply with paragraphs (5) and (6) of subdivision (c) of Section
38 54746.

1 (f) This section does not invalidate any state law pertaining to
2 teacher credentialing requirements or the functions that require
3 credentials.

4 SEC. 2. Section 42606 of the Education Code is amended to
5 read:

6 42606. (a) To the extent funds are provided, commencing with
7 the 2010–11 fiscal year, the Superintendent shall allocate a
8 supplemental categorical block grant to a charter school that began
9 operation during or after the 2008–09 fiscal year. These
10 supplemental categorical block grant funds may be used for any
11 educational purpose. Commencing in the 2011–12 fiscal year, a
12 locally or direct funded charter school that converted from a
13 preexisting school on or after the 2008–09 fiscal year, is not eligible
14 for funding specified in this section. A charter school that receives
15 funding pursuant to this subdivision shall not receive additional
16 funding for programs specified in paragraph (2) of subdivision (a)
17 of Section 42605, with the exception of the program funded
18 pursuant to Item 6110-211-0001 of Section 2.00 of the annual
19 Budget Act.

20 (b) (1) For the 2010–11 fiscal year, the supplemental categorical
21 block grant shall equal one hundred twenty-seven dollars (\$127)
22 per unit of charter school average daily attendance as determined
23 at the 2010–11 second principal apportionment for charter schools
24 commencing operations during or after the 2008–09 fiscal year.
25 A locally funded charter school that converted from a preexisting
26 school during or after the 2008–09 fiscal year is not eligible for
27 funding specified in this section.

28 (2) Commencing with the 2011–12 fiscal year, the supplemental
29 categorical block grant shall equal one hundred twenty-seven
30 dollars (\$127) per unit of charter school average daily attendance
31 as determined at the current year second principal apportionment
32 for charter schools commencing operations during or after the
33 2008–09 fiscal year. In lieu of this supplemental grant, a school
34 district shall provide new conversion charter schools that
35 commenced operations within the *school* district during or after
36 the 2008–09 fiscal year, one hundred twenty-seven dollars (\$127)
37 per unit of charter school average daily attendance as determined
38 at the current year second principal apportionment. This paragraph
39 does not preclude a school district and a new conversion charter
40 school from negotiating an alternative funding rate. Absent

1 agreement from both parties on an alternative rate, the school
2 district shall be obligated to provide funding at the one hundred
3 twenty-seven dollars (\$127) per average daily attendance rate.

4 SEC. 3. If the Commission on State Mandates determines that
5 this act contains costs mandated by the state, reimbursement to
6 local agencies and school districts for those costs shall be made
7 pursuant to Part 7 (commencing with Section 17500) of Division
8 4 of Title 2 of the Government Code.